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11 September 1973

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MEMORANDUM FOR:

SUBJECT : Comments on Draft Annual PFIAB Report

1. The following is in response to your request for comments on the draft Annual PFIAB Report. As a general comment on the paper, it lacks any focus upon a selected group of themes or problems. Undoubtedly, this is due to the manner in which it was put together, i.e., a piece from each of the IC groups. I suggest that this can be corrected in the next draft by some reorganization of the present material along lines other than the responsibility of each IC group.

2. Related to the above, I have the following specific comments to offer.

A. I suggest that the revision of the DCIDs currently holds too prominent a position in the paper. In fact, I would seriously question whether we should deal with this subject at all in view of the status of the revision and its history.

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C. The section on coordination of resource matters appears to present a problem in terms of USIB's responsibilities as opposed to IRAC responsibilities. For example, on the bottom of page 27 it has the IRAC Working Group outlining steps taken to determine consumer needs and ascertaining the degree of consumer satisfaction.

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D. Related to the above is the very brief paragraph on the USIB on page 35. It seems to me that after the first sentence there is a need to elaborate upon the role of USIB and perhaps its relation to the IRAC and the need for a more specific elaboration of this relationship. I suggest something like the following, "However, USIB needs a more explicit understanding and evaluation of the performance of existing resources relative to current substantive objectives if it is to place more meaningful requirements upon the various collection resources." In concept one of USIB's primary responsibilities can be regarded as advising the DCI upon the performance and substantive requirements relating to existing resources and also to the IRAC concern with the details of future resource needs and decisions. This concept thus makes clear distinction between the role of the two DCI Advisory bodies and necessitates a normal feed and feedback relationship between them.

3. I realize that it is your intention to draw the earlier sections of the paper together in the last section entitled, "Strengthening the DCI Role." However, I believe the earlier portion of the paper is in serious need of reorganization if this is to be accomplished. I believe more explicit treatment needs to be given in a sort of three theme fashion to the roles of USIB, IRAC, IC Staff, the NIO structure, and the interrelationship between these institutional forms. The documents, procedures, and methods employed can be discussed as it relates to these coordinating institutions.

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Chief, Special Project Branch  
PRG/IC

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3.d. Economic Intelligence Requirements

Responsibility for US foreign economic policy is decentralized and the coordination process imperfect. Moreover, most of the key consumers are outside the intelligence community. With this in mind I have recommended that a representative of the Washington economic community--such as the Secretary of the Treasury--be added to the NSCIC. In addition, as appropriate, economic questions of importance to national security would be placed on the agenda of the NSCIC Working Group by the Executive Director of the President's Council on Economic Policy, who is also the Chairman of the newly-created Requirements Advisory Board. In this manner also, future key substantive questions of special concern to the policymakers in the economic sphere would be formulated and then transmitted to the intelligence community for action. At this writing six of the questions I have submitted to the NSC for review are in the realm of economics.

PFIAB recommended in its report to the President on economic intelligence, 15 December 1971, that I should coordinate the development of national economic intelligence and priorities. During the past year we have achieved major progress in meeting this recommendation. In addition to the foregoing economic topics in the revised DCID 1/2 have been completely rewritten. The revised draft contains nine objectives under three subcategories: Economic Policy and Motivation, Business Activities and Competition, and Economic Capabilities and

vulnerabilities. State, Treasury and CIA were the principal actors in this arena; as a result the revised priorities better reflect the importance of foreign economic intelligence to the nation.

Elsewhere, requirements as stated in both the IPC list and the IGCP have been modified as appropriate. Lastly, and probably most importantly, new publications called the Economic Alert Lists and Economic Reporting Guides are published four times a year on each of seven regions of the world, and disseminated to all economic officers in the field whether they represent State, Treasury, Commerce, Agriculture, or AID. It is a truism that 80 to 90% of all economic intelligence can be collected overtly. These new publications are vehicles through which the Washington economic analysts transmit their requests for information to the field. As of July 1973 CIA's Central Reference Service is coding the responses in its [ ] information retrieval system. Thus, one will be able to obtain a reference to a field response, if any, to his query. Further, the unanswered portion(s) would often be suitable for covert collection, [ ]

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[ ]<sup>an</sup> In this way, untidy amorphous charge to the intelligence community is being dealt with in a systematic fashion. Over time, continuing steps will be taken to improve the program.

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8.c. Reorganization of the USIB Committees

On 16 March 1973 the DCI (J. R. Schlesinger) approved the conduct of a survey of the USIB Committee structure as a basis for recommendations on the role on functioning of the committees and the organizational position of the committee chairmen. The USIB Committee Survey Task Group Report was published by the DCI/IC in August 1973  making specific recommendations with respect to the reorganization of the USIB Committee structure. In summary, the task group recommended the establishment of seven geographic and three topical committees, and retention of the Security Committee with expanded responsibilities, and the Watch Committee. Four support groups dealing with SIGINT, human sources, imagery, and foreign science and technology were also advocated. The topical committees were concerned with (a) Strategic Weapons and SALT, (b) General Purpose Forces and MBFR and (c) Economic Intelligence. The Survey Task Group Report has (not) been disseminated to community components. Action on USIB Committee reorganization is expected during the fourth quarter of calendar year 1973.

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3.e. Narcotics intelligence requirements

On 11 January 1973 USIB approved the recommendations of the CCPC study "Intelligence Activities Against Narcotics and Dangerous Drugs." Key among these was the recommendation that "...the supplement to DCID 1/2 (or other statements of national objectives or priorities) be revised to reflect the priority accorded by the highest policy levels to the narcotics target; and that such revision include the removal of illicit narcotics activities from Objective 71, 'Nongovernmental Activities Detrimental to U.S. Interests,' and the establishment of a separate category to cover narcotics information; [REDACTED]

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[REDACTED]  
[REDACTED] DCID 1/2 has been revised accordingly and is awaiting the DCI's signature, the IGCP has also been revised, and special reference to these priorities is in the new "DCI Perspectives of the Intelligence Environment."

The narcotics intelligence community has formulated and disseminated coordinated and comprehensive narcotics intelligence requirements through the Department of State to U.S. Missions abroad for those nations identified by the Cabinet Committee on International Narcotics Control (CCINC) as having a current or potential involvement in the illicit production, processing, or transshipment of hard drugs.

The CIA, in coordination with the Department of State, the Drug Enforcement Administration, and the Office of Management and Budget, has advised all appropriate U.S. Missions abroad via Department of State

channels of the precise responsibilities of CIA in coordinating narcotics intelligence collection abroad under NSCID No. 5 and DCID's Nos. 5/1 and 5/2.

The Foreign Intelligence Subcommittee (FISC) of CCINC's Working Group, with USIB member-agencies well represented, became active on a day-by-day person-to-person basis, facilitating exchange of information and coordination of narcotics intelligence collection and production efforts.

A COMINT Working Group was established under the FISC to assist in determining what COMINT support is required on the narcotics problem.

CIA technical support and research and development capability continue at the disposal of appropriate U.S. departments and agencies engaged in the international narcotics control effort. However, USIB member -agencies in the foreign intelligence field, cognizant of statutory prohibitions against their involvement in the domestic law enforcement field, have struck a new note of caution in their support of enforcement efforts and in their narcotics intelligence collection operations abroad to insure that: 1) they will eschew collection of information having domestic "roots" at either end; 2) sensitive sources and methods shall not become exposed through litigation in the U.S., Congressional inquiries, or leaks to the media; and 3) their operations do not impinge on a law enforcement power in contravention of prohibitions in the National Security Act of 1947 and subsequent relevant legislation.

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#### Remarks:

The attached three items are in response to your memorandum of 4 September 1973, same subject.

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